

York University
Faculty of Liberal Arts & Professional Studies
Department of Economics

Course Name and Term

AP/ECON 2400E Intermediate Macroeconomic Theory I - Fall 2019.

Pre-requisites

AP/ECON 1010, AP/ECON 1010, AP/ECON 1530, and AP/ECON 1540.

Course Webpage

<https://moodle.yorku.ca>. I will post lecture notes, old midterm tests and final exams on the course webpage. Please note that the material on the webpage is **not a substitute** to lectures and class discussions.

Course Instructor

Professor Ahmet Akyol.

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Lecture Hours and Location: Monday, 7:00pm-10:00pm, CLH - H.

Office Hours: Mondays 1:00pm-3:00pm.

Extended Course Description

The purpose of this course is to introduce you to theoretical foundations of macroeconomics. Based on theoretical foundations, we will study the effects of fiscal policies, and changes in productivity on national income, economic growth, and unemployment. Our approach to reach these goals will be model-based. There will be a lot of emphasis on the tools to analyze topics, and not so much on the institutional details. This approach will allow you to adjust the models you learn as institutions are not constant over time or across different countries. Furthermore, you can also use these tools in other economics courses (e.g. monetary economics, public finance or labour economics.)

Required Textbook

Williamson, Stephen D., *Macroeconomics*, 5th Canadian Edition, Addison Wesley, 2017. I will also post old exams, problem sets, and class notes on the course webpage.

Evaluation

There will be a midterm and a final exam. The midterm will be held on **October 21**. The final exam will cover **all** material discussed in class. The date of the final exam will be determined by the Registrar's Office. Let your scores on the midterm and final exam be m and f respectively. Your grade will be based on the following formula:

$$\max \{ 0.3m + 0.7f, f \}.$$

Rules on Grading, Missed Tests and Exams

1. There will be **no** make-up exam for the midterm exam. If you miss the midterm test for any reason, your final exam will have a weight of 100% of your grade.
2. The grades may be scaled to conform with the regulations of the Faculty of Liberal Arts & Professional Studies. (For example, 79% is a **B+**, not an **A**.)

Topics:

1. Introduction and Measurement Issues
 - (a) Chapter 1 – Introduction.
 - i. What is a model?
 - ii. Why do we use models in economics?
 - iii. What is a competitive equilibrium?
 - (b) Chapter 2 – Measurement.
 - i. How do we add the number of apples and oranges? (at a point in time and over time).
 - ii. How do we take care of government services when calculating GDP?
 - iii. What to do with *relative* price changes over time when average prices are also changing?

- (c) Chapter 3 – Business Cycle Measurement.
 - i. Are changes in economic data temporary or permanent?
 - ii. How are temporary changes in economic data related to each other?
- 2. One-Period Models of the Macroeconomy
 - (a) Chapter 4 – Consumer and Firm Behavior: The Work-Leisure Decision and Profit Maximization.
 - i. How does a consumer’s problem look like? How would a consumer react to changes in her income and in wage?
 - ii. How does a firm maximize its profits? How does a change in productivity affect its hiring behavior?
 - (b) Chapter 5 – Changes in Government Spending and Total Factor Productivity in Competitive Equilibrium.
 - i. Definition of a competitive equilibrium.
 - ii. How does a change in government spending affect equilibrium values of output, consumption, labor hours, wages etc.?
 - iii. How does a change in total factor productivity affect equilibrium values of output, consumption, labor hours, wages etc.?
- 3. Economic Growth
 - (a) Chapter 6 – Economic Growth: Malthus and Solow.
 - i. Pre-industrial revolution economic growth.
 - ii. Economic growth post-industrial revolution.
 - iii. High savings rates vs productivity growth.
 - (b) Chapter 7 – Income Disparity among Countries and Endogenous Growth (if time permits.)

Note on Academic Honesty:

Conduct that violates the ethical or legal standards of the university community or of one’s programme or specialization, may result in serious consequences. You are encouraged to familiarize yourself with this Senate legislation located in:

http://www.yorku.ca/secretariat/senate_cte_main_pages/ccas.htm

Important Dates:

<http://registrar.yorku.ca/enrol/dates/fw19>

Senate policy on religious observance and religious accommodation guidelines:

<https://w2prod.sis.yorku.ca/Apps/WebObjects/cdm.woa/wa/regobs>

Religious Observances Dates 2019/20:

<http://registrar.yorku.ca/enrol/dates/religious-accommodation-guidelines-2019-2020>

Withdrawal Policy:

<http://myacademicrecord.students.yorku.ca/course-withdrawal>